

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

WS 04245A
Red Rock Utilities, LLC (Water)
PO BOX 70108
Tucson, AZ 85731

RECEIVED

MAY 15 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

5-16-07

SCANNED

COMPANY INFORMATION

Company Name (Business Name)		<u>Red Rock Utilities, LLC</u>	
Mailing Address		<u>2200 E. River Road, Ste. 115</u>	
(Street)			
<u>Tucson</u>	<u>AZ</u>	<u>85718</u>	
(City)	(State)	(Zip)	
<u>(520) 577-0200</u>	<u>(520) 299-5602</u>	<u>(520) 602-5288</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address		<u>rwilliamson@redrockutilities.com</u>	
Local Office Mailing Address		<u>2200 E. River Road, Ste. 115</u>	
(City)		(State)	(Zip)
<u>(520) 682-9669</u>	<u>(520) 682-9696</u>	<u>(520) 429-8627</u>	
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
Email Address		<u>rwilliamson@redrockutilities.com</u>	

MANAGEMENT INFORMATION

Management Contact:				<u>Richard Williamson</u>			
<u>2200 E. River Road, Ste. 115</u>		<u>Tucson</u>		<u>AZ</u>		<u>85712</u>	
(Street)		(City)		(State)		(Zip)	
<u>(520) 545-0501</u>		<u>(520) 299-5602</u>		<u>(520) 437-5105</u>			
Telephone No. (Include Area Code)		Fax No. (Include Area Code)		Pager/Cell No. (Include Area Code)			
Email Address		<u>rwilliamson@redrockutilities.com</u>					
On Site Manager:							
<u>Dan Kale</u>							
(Name)							
<u>2200 E. River Road, Ste. 115</u>		<u>Tucson</u>		<u>AZ</u>		<u>85712</u>	
(Street)		(City)		(State)		(Zip)	
<u>(520) 682-9669</u>		<u>(520) 682-9696</u>		<u>(520) 429-8627</u>			
Telephone No. (Include Area Code)		Fax No. (Include Area Code)		Pager/Cell No. (Include Area Code)			
Email Address		<u>dkale@redrockutilities.com</u>					

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Kimberly Cady, L and R Service Co.

(Name)

One South Church Avenue, #700

Tucson

AZ

85701

(Street)

(City)

(State)

(Zip)

(520) 622-2090

(520) 622-3088

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Michael McNulty

(Name)

One South Church Avenue, #700

Tucson

AZ

85701

(Street)

(City)

(State)

(Zip)

(520) 629-4453

(520) 879-4732

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☒ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certified to provide service:

☐ APACHE

☐ GILA

☐ COCHISE

☐ COCONINO

☐ LA PAZ

☐ GRAHAM

☐ GREENLEE

☐ NAVAJO

☐ MARICOPA

☐ MOHAVE

☐ SANTA CRUZ

☐ PIMA

☒ PINAL

☐ STATEWIDE

☐ YAVAPAI

☐ YUMA

Company Name: Red Rock Utilities, LLC

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization Cost	186,176		186,176
302	Franchise Cost	57,091		57,091
303	Land and Land Rights	36,169		36,169
304	Structures and Improvements	1,082,719		1,082,719
307	Wells and Springs	799,903	6,498	793,405
311	Pumping Equipment	77,818	305	77,513
320	Water Treatment Equipment	98,971		98,971
330	Distribution Reservoirs and Standpipes	10,752		10,752
331	Transmission and Distribution Mains	17,697		17,697
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	15,416		15,416
340	Office Furniture and Equipment	1,256	31	1,225
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communications Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	2,383,968	6,834	2,377,134

This amount goes on the Balance sheet Acct. No. 108

NOTE: Utility Plant is only partially in service as of December 31, 2006

Company Name: Red Rock Utilities, LLC

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)*	Depreciation Expense (1x2)
301	Organization Cost	186,176		
302	Franchise Cost	57,091		
303	Land and Land Rights	36,169		
304	Structures and Improvements	1,082,719		
307	Wells and Springs	799,903	5.00%	6,498
311	Electric Pumping Equipment	77,818	5.00%	305
320	Water Treatment Equipment	98,971		
330	Distribution Reservoirs and Stand	10,752		
331	Transmission and Distribution Ma	17,697		
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	15,416		
340	Office Furniture and Fixtures	1,256	5.00%	31
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communications Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	2,383,968		6,834

This amount goes on Comparative Statement of Income and Expense Acct No. 403.

* 1/2 year convention on depreciation (1/2 year depreciation on new assets, 1/2 year on retirements)

NOTE: Utility Plant is only partially in service as of December 31, 2006

Company Name: Red Rock Utilities, LLC

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ -	\$ 696,858
134	Working Funds		
135	Temporary Cash Investments	-	-
141	Customer Accounts Receivable	-	8,604
146	Notes/Receivables from Associated Companies		
151	Plant Materials & Supplies		
162	Prepayments	-	807
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ -	\$ 706,269
	FIXED ASSETS		
101	Utility Plant in Service	\$ -	\$ 273,376
103	Property Held for Future Use	-	
105	Construction Work in Progress	-	2,110,592
108	Accumulated Depreciation - Utility Plant		(6,834)
121	Non-Utility Property		
122	Accumulated Depreciation - Non Utility		
	TOTAL FIXED ASSETS	\$ -	\$ 2,377,134
	TOTAL ASSETS	\$ -	\$ 3,083,403

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ -	\$ 96,871
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	-	-
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ -	\$ 96,871
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds		
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	-	25,000
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Taxes		
	TOTAL DEFERRED CREDITS	\$ -	\$ 25,000
	TOTAL LIABILITIES	\$ -	\$ 121,871
	CAPITAL ACCOUNTS		
201	Common Stock Issued		
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings		
218	Proprietary Capital (Sole Props. And Partnerships)	-	2,961,532
	TOTAL CAPITAL	\$ -	\$ 2,961,532
	TOTAL LIABILITIES AND CAPITAL	\$ -	\$ 3,083,403

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Sales	\$ -	\$ 108,504
460	Unmetered Water Sales		
474	Other Water Revenues		
	TOTAL REVENUES	\$ -	\$ 108,504
	OPERATING EXPENSES		
601	Salaries and Wages	\$ -	\$ 30,205
610	Purchased Water		
615	Purchased Power	-	9,813
618	Chemicals		
620	Repairs and Maintenance		
621	Office Supplies and Expense	-	2,131
630	Outside Services	-	29,720
635	Water Testing		
641	Rents		
650	Transportation Expense		
657	Insurance - General Liability	-	18,177
659	Insurance - Health and Life		
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expenses	-	759
403	Depreciation Expense		6,834
408	Taxes other than Income	-	6,354
408.11	Property Tax		
409	Income Tax	-	1,550
	TOTAL OPERATING EXPENSES	\$ -	\$ 105,543
	OPERATING INCOME (LOSS)	\$ -	\$ 2,961
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ -	\$ 21,457
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	-	-
	TOTAL OTHER INCOME (EXPENSE)	\$ -	\$ 21,457
	NET INCOME (LOSS)	\$ -	\$ 24,418

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End \$ 0

Meter Deposits Refunded During the Test Year \$ 0

COMPANY NAME – Red Rock Utilities, LLC

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-599556	75	750	800	16	6"	2003
55-599557	75	750	900	16	6"	2003

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
N/A			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
N/A			

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6		
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

N/A In 2006 -- Under Constructions

STRUCTURES:

N/A In 2006 -- Under Construction

OTHER:

N/A In 2006 -- Under Construction

Company Name: Red Rock Utilities, LLC

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	1	159.0	159.0	0
FEBRUARY	1	32.0	32.0	0
MARCH	1	519.0	519.0	0
APRIL	1	108.0	108.0	0
MAY	2	1,809.4	1,809.4	0
JUNE	2	6,830.1	6,830.1	0
JULY	2	4,817.2	4,817.2	0
AUGUST	2	2,529.6	2,529.6	0
SEPTEMBER	2	1,669.7	1,669.7	0
OCTOBER	2	3,004.6	3,004.6	0
NOVEMBER	2	3,005.7	3,005.7	0
DECEMBER	2	1,927.4	1,927.4	0
TOTAL		26411.70	26411.70	0

What is the level of arsenic for each well on your system?

(If more than one well, list each separately)

Well #1 - Results from Oct. 2003 - .0018 mg/l

Well #2 - Results from Feb. 2004 - .0038 mg/l

If system has fire hydrants, what is the fire flow requirement? 0 GPM for 0 hrs.

If system has chlorination treatment, does this treatment system chlorinate continuously?

☐ Yes

☒ No

Is the water utility located in an ADWR Active Management Area (AMA)?

☒ Yes

☐ No

Does the Company have an ADWR Gallons Per Capita (GPCD) requirement?

☐ Yes

☒ No

If Yes, please provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME – Red Rock Utilities, LLC

YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 0

Attach to this annual report proof (e.g. property tax bills stamped “paid in full” or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

Red Rock Utilities did not yet hold title to the facility property in 2006.

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

RECEIVED

MAY 15 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
Pinal County
NAME (OWNER OR OFFICIAL) TITLE
Diamond Ventures, Inc., an Arizona Corporation, Manager, by its Vice President, Mark Weinberg
COMPANY NAME
Red Rock Utilities, LLC

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

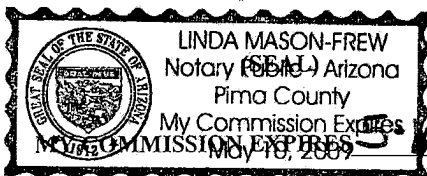
520-577-0200

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 14th **DAY OF**

COUNTY NAME	Pima	
MONTH	MAY	2007



Linda Mason-Frew

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME Red Rock Utilities, LLC

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>0</u>
Estimated or Actual Federal Tax Liability	<u>1000</u>

State Taxable Income Reported	<u>0</u>
Estimated or Actual State Tax Liability	<u>550</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE5-14-07

DATE

VICE-PRESIDENT, DIAMOND VENTURES

MARK WEINBERG

PRINTED NAMEITS MANAGER

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

MAY 15 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Pinal County

NAME (OWNER OR OFFICIAL) TITLE

Diamond Ventures, Inc., an Arizona Corporation, Manager,
by its Vice President, Mark Weinberg

COMPANY NAME

Red Rock Utilities, LLC

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

12

DAY

31

YEAR

2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 108,504

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 6,354
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

520-377-0200

COUNTY NAME

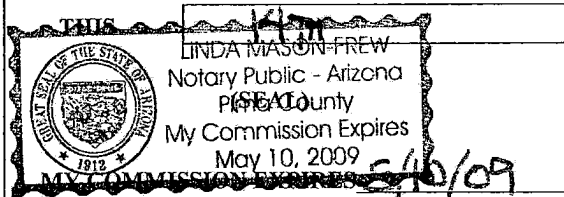
PIMA

MONTH

MAY

2007

Linda Mason-Frew
SIGNATURE OF NOTARY PUBLIC



VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

MAY 15 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

COUNTY OF (COUNTY NAME) Pinal

NAME (OWNER OR OFFICIAL) Diamond Ventures, Inc., an Arizona Corporation, Manager, by its Vice President, Mark Weinberg

COMPANY NAME Red Rock, Utilities, LLC

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 108,504

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 6,354
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

SIGNATURE OF OWNER OR OFFICIAL

(520) 577-0200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14 TH

DAY OF

NOTARY PUBLIC NAME

LINDA MASON-FREW

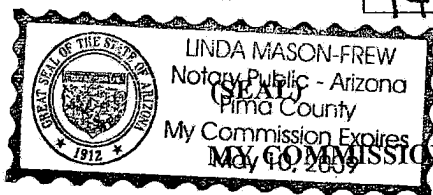
COUNTY NAME

PIMA

MONTH

MAY

, 2007



LINDA MASON-FREW
Notary Public - Arizona
Pima County
My Commission Expires
May 10, 2009

MY COMMISSION EXPIRES 5/10/09

X Linda Mason-Frew
SIGNATURE OF NOTARY PUBLIC

RED ROCK UTILITIES, LLC
(WATER DELIVERY OPERATIONS)
YEAR ENDED DECEMBER 31, 2006

RED ROCK UTILITIES, LLC
(WATER DELIVERY OPERATIONS)
YEAR ENDED DECEMBER 31, 2006

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Financial statements:	
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Statement of operations	3



BEACH, FLEISCHMAN & CO., P.C.
Certified Public Accountants/Financial & Business Advisors

Bruce D. Beach, CPA
Peter F. Beahan, CPA, ABV
Richard A. Bratt, CPA
David J. Cohen, CPA
Jo DeChatelet, CPA, CFP®
Kevin J. Donovan, CPA, EA, MSPA
Marc D. Fleischman, CPA, ABV

Robert G. Harbour, CPA, CVA
George Henderson, CPA
David M. Iacorus, CPA
Jimmy J. Lovelace, CPA
Karen K. McCloskey, CPA, MST
Cynthia A. Schroeder, CPA

Members

Red Rock Utilities, LLC
Tucson, Arizona

We have compiled the balance sheet of Red Rock Utilities, LLC - (water delivery operations) as of December 31, 2006, and the related statement of operations for the year then ended and accompanying information on pages 4 through 9, 13, and 15 through 17 of the annual Arizona Corporation Commission reports, included in the accompanying form prescribed by the Arizona Corporation Commission, Utilities Division, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form prescribed by the Arizona Corporation Commission, Utilities Division, information that is the representation of management. We have not audited or reviewed the accompanying financial statements referred to above and, accordingly, we do not express an opinion or any other form of assurance on them.

The financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, Utilities Division, which differ from U.S. generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Beach, Fleischman & Co., P.C.

April 4, 2007

RED ROCK UTILITIES, LLC
(WATER DELIVERY OPERATIONS)

BALANCE SHEET

DECEMBER 31, 2006
(See Accountants' Compilation Report)

Docket No. W-02160A

ASSETS

Total property and equipment, net	<u>\$ 2,377,134</u>
Current assets:	
Cash and cash equivalents	696,858
Accounts receivable	8,604
Prepaid expenses	<u>807</u>
Total current assets	<u>706,269</u>
	<u><u>\$ 3,083,403</u></u>

CAPITALIZATION AND LIABILITIES

Capitalization:	
Capital accounts	\$ 2,961,532
Deferred credit:	
Advances in aid of construction	25,000
Current liabilities	<u>96,871</u>
	<u><u>\$ 3,083,403</u></u>

RED ROCK UTILITIES, LLC
(WATER DELIVERY OPERATIONS)

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2006
(See Accountants' Compilation Report)

Docket No. W-02160A

Metered water sales	\$ 108,504
Operating expenses	<u>105,543</u>
Operating income (loss)	2,961
Total other income (expense)	<u>21,457</u>
Net income (loss)	<u><u>\$ 24,418</u></u>